

ZERO BROKERAGE PROPOSITION: HOW NOBROKER DISRUPTED INDIA'S 3RD LARGEST INDUSTRY

Mr Saurabh Garg (PGP 2004) and Amit Kumar Agarwal (PGP 2004)



About 8 years ago, when **Amit Agarwal, Saurabh Garg and Akhil Gupta** experienced setbacks at multiple levels while searching for a rental accommodation, they started to question the absurdity of paying brokerage. Paying a huge intermediation fee just for being connected to the right owner did not make sense. That is when the idea of NoBroker took form.

Amit and Saurabh were batchmates in IIM(A). Their camaraderie goes back to 2002 when they occupied the same floor in dorm 16 of the old campus. They were good friends and when they both suffered similar experiences as they moved to different cities for work, they worked on this idea and today they are co-founders of India's first proptech unicorn.

Real estate brokerage in India is a \$19 billion industry. It has been an accepted norm for generations and despite the many challenges faced by home seekers, nobody had until then tried to address the problem.

In India, there is no regulation needed to become a broker. Anybody who has information about property inventory can set up a shop and become a broker. In cities such as Mumbai, even if the tenant renews their lease with the same landlord, they are supposed to pay brokerage again. And brokers work together which makes it difficult for an individual to reason with them. Many times, home seekers are subjected to a lot of pressures and biases to ensure that the transaction is closed quickly, only to find out later that there is a mismatch of expectations between the accommodation that they were looking for and the one they've had to sign up. There is no concept of after-sales service with brokers as they conveniently disappear when the transaction is done.

“We knew we were disrupting the space in true sense. We never doubted what we were building for India. But that was not enough. What made the journey 100 times easier was having the right set of people to start with. When Saurabh called me to start this company, my wife and I were expecting our first child. Starting up while starting a family was not an easy decision but knowing that I have the right people gave me the confidence that we will figure it out somehow. The rest is history.”, Amit reminisced.

THE CORE PROPOSITION NoBroker, as the name suggests, was conceptualized to get the broker out of the picture. The platform does not just make real estate inventory available, but also uses an algorithm that identifies and eliminates brokers from infiltrating, so that only genuine property owners, tenants, and buyers can interact and transact. It is not just a property discovery platform but a transaction platform. While some other websites have tried to solve the problem of information asymmetry, they ended up becoming tools for brokers to bait customers. NoBroker is the only real estate platform that is 100% brokerage free.

Word of mouth spread quickly as one satisfied customer is all it takes at times when the proposition is that strong. India never had a zero brokerage proposition, although the problem was decades old!

“I was trying to rent a home back in 2007 in Mumbai when I faced the problem of huge brokerage and poor service. That time itself I booked the domain nobroker.in. Later, when I discussed this idea with Amit and Akhil (my junior from IIT), they had also gone through a similar broker experience. So, we decided to launch a platform that eliminates brokerage and all the information asymmetry and pain points that come with that. We always knew this is not going to be easy, but the biggest thing was that I knew both Amit and Akhil for a long time and there was a huge comfort to take this plunge with them.”, said Saurabh.

QUICK FUN FACT HERE The shortest time taken for a property to be rented out on the platform is 2 hours!

ONE STOP SHOP Customer satisfaction has been at the core of everything that NoBroker does today. While it started as a platform that connects genuine owners and seekers, today it has diversified into many verticals and has become a one-stop-shop for all property related needs. From rental agreement to home loan application, the platform offers everything under one roof. Its four product lines - NoBroker (that connects property owners and seekers), NoBrokerHood (society super app by NoBroker), NoBroker Home Services (home cleaning, painting, repairs, interiors, packers & movers, along with more), and NoBroker Pay (NoBroker financial services for rent and maintenance payments) encompass the whole gamut of services that one needs from finding the property to settling down.

THE TECHNOLOGY NoBroker is a technology-driven company and aims to solve all of the pain points for the customers with the help of technology. Apart from connecting genuine owners and seekers, it uses technology to recommend the most suitable properties as per the criteria of property seekers. For instance, it uses a feature called ‘travel time search’ to triangulate the best properties between one’s office, children’s school, and workplace of the spouse. NoBroker’s society app ‘NoBrokerHood’ is also made using best in class technology. It acquired ‘SocietyConnect’ to ensure that its ERP was superior to others. It was the first app to bring touchless entry by using facial recognition to ensure optimum safety of residents, especially during the pandemic.

These are just some examples of how integral technology is to the whole scheme of things at NoBroker.

THE MODEL It works on a freemium model wherein customers have an option to search or list a property for free. However, in case they are not able to finalize a property or a tenant/buyer within that or need further help, they can avail help through relationship managers.

THE CHALLENGES (THAT ARE A HISTORY NOW) The founders have faced their own set of challenges along the way. It was very hard to convince the investors initially as they did not have a successful model of the concept anywhere to quote from. It was a solution built for a problem unique to India. But that challenge was overcome and today NoBroker is backed by marquee investors such as Tiger Global, General Atlantic, and Elevation Capital, to name a few. **That it has become India's first proptech unicorn is a testimony to the dent that it has created in the space.**

With 1.7 crore happy customers across Bangalore, Chennai, Mumbai, Pune, Hyderabad, and Delhi-NCR, over 75 lakh property listings on the platform, and over INR 7000 crores of brokerage saved, the founders feel that they have just got started. The best is surely yet to come.